

# Arizona Economic Overview



OFFICE *of* ECONOMIC OPPORTUNITY

Doug Walls  
Research Administrator

# Agenda:

- ▶ Introductions
- ▶ Current Industry Trends
- ▶ Arizona's Shrinking Labor Force
  - ▶ Trends and Potential Solutions
- ▶ Questions

# Introductions:

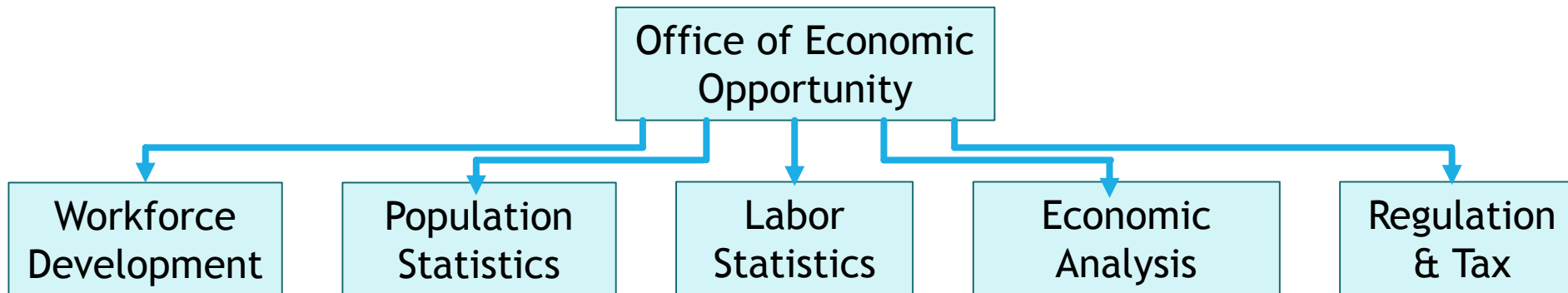
## Office of Economic Opportunity

- ▶ Designed to bridge the gap between workforce development initiatives and economic development priorities
- ▶ Strive to help share labor market information with groups that can apply it to policy decision making
- ▶ Primarily focus on employment and population data

# Introductions:

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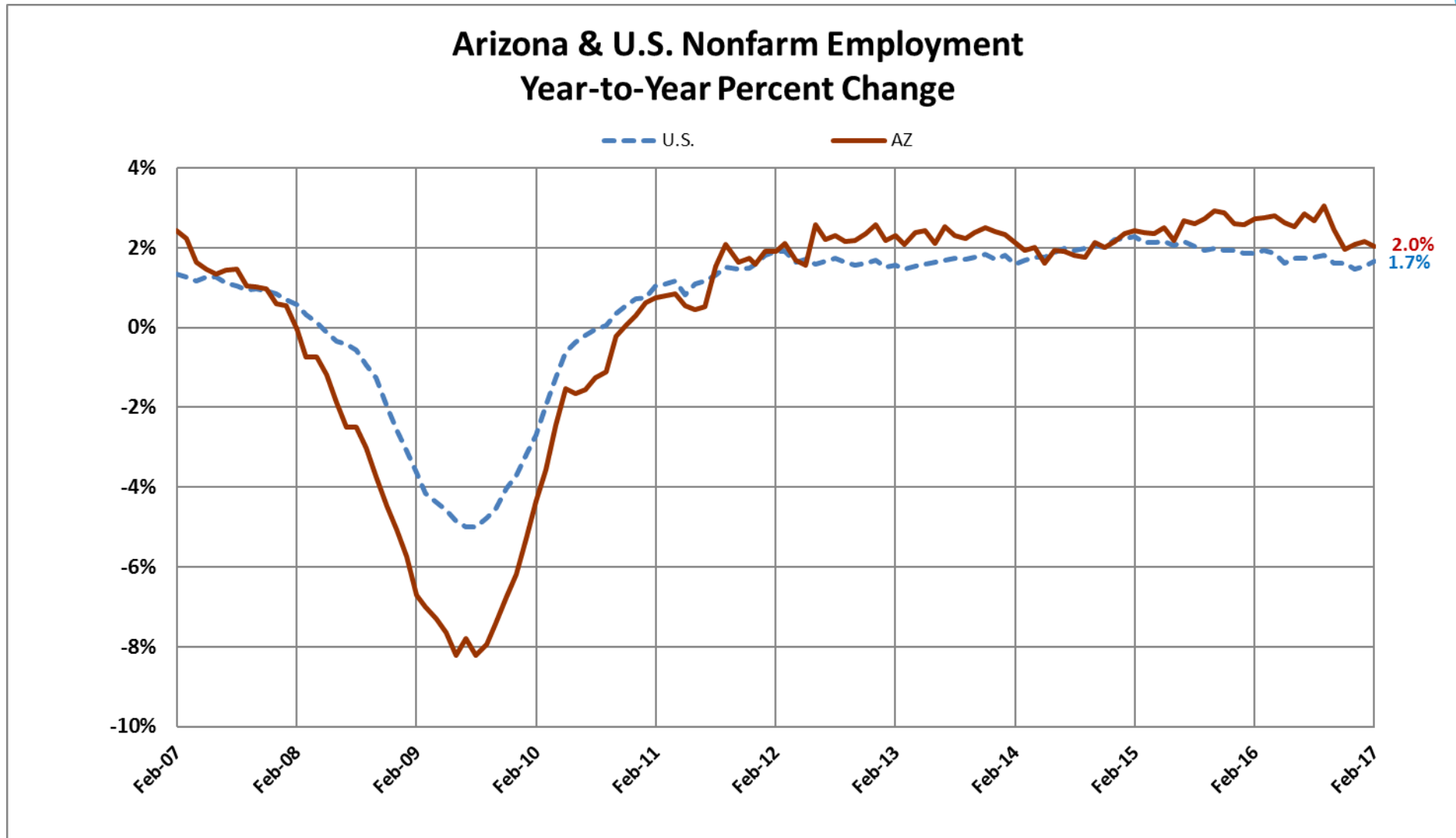
# Current Industry Trends

# Analyzing Industry Estimates

What defines an industry as ‘important’?

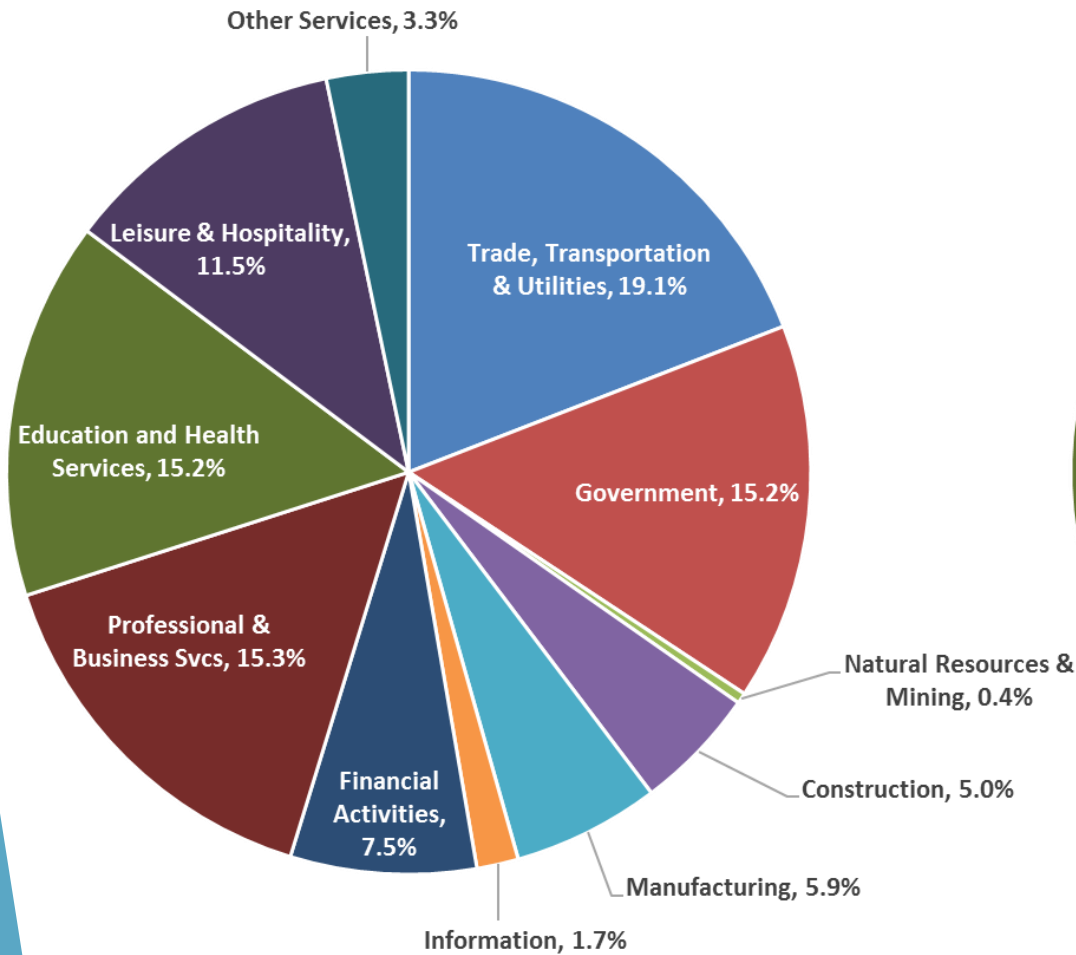
- Employment size
  - Small percentage growth = large numeric growth
- Historical and projected employment growth
- Wage level and wage growth
- Local competitive advantage
  - What do we do well? Talent pipeline, established workforce
- Export vs. growth industries
  - Ripple effect drives growth in other industries

# Employment Growth Comparison

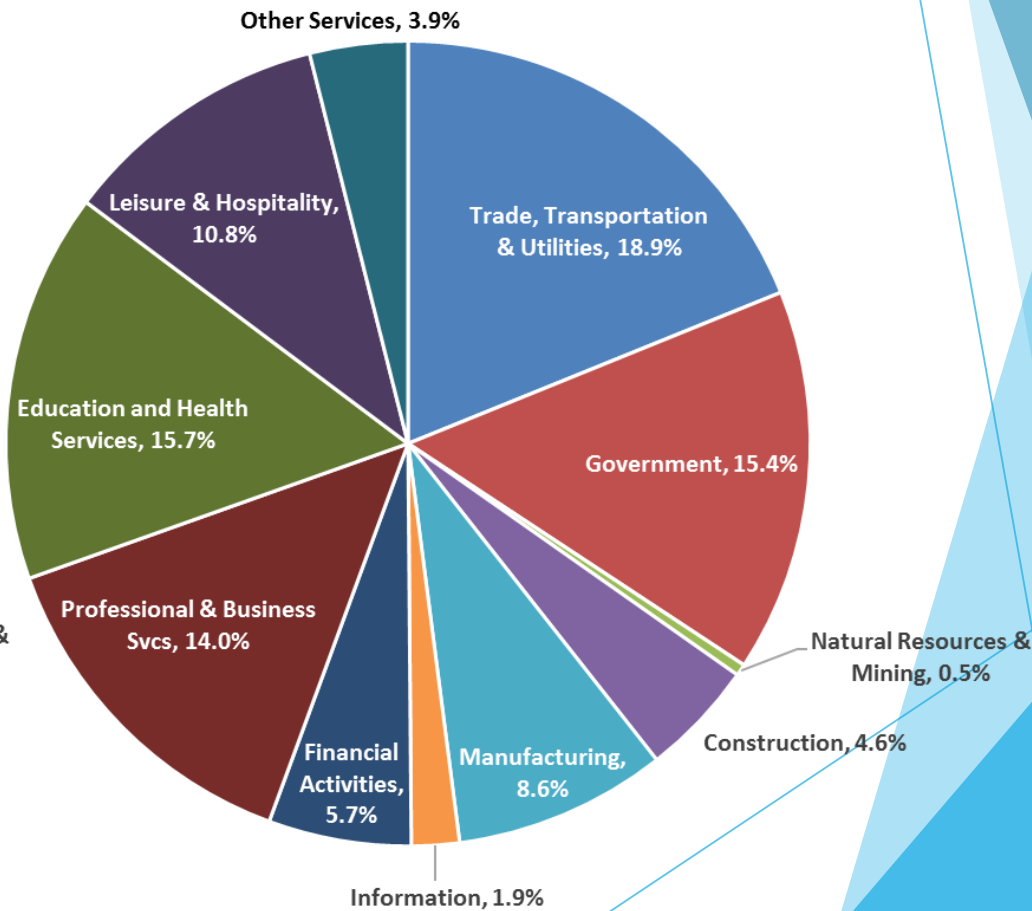


# Employment by Industry Comparison

2016 Arizona Annual Average Industry Share

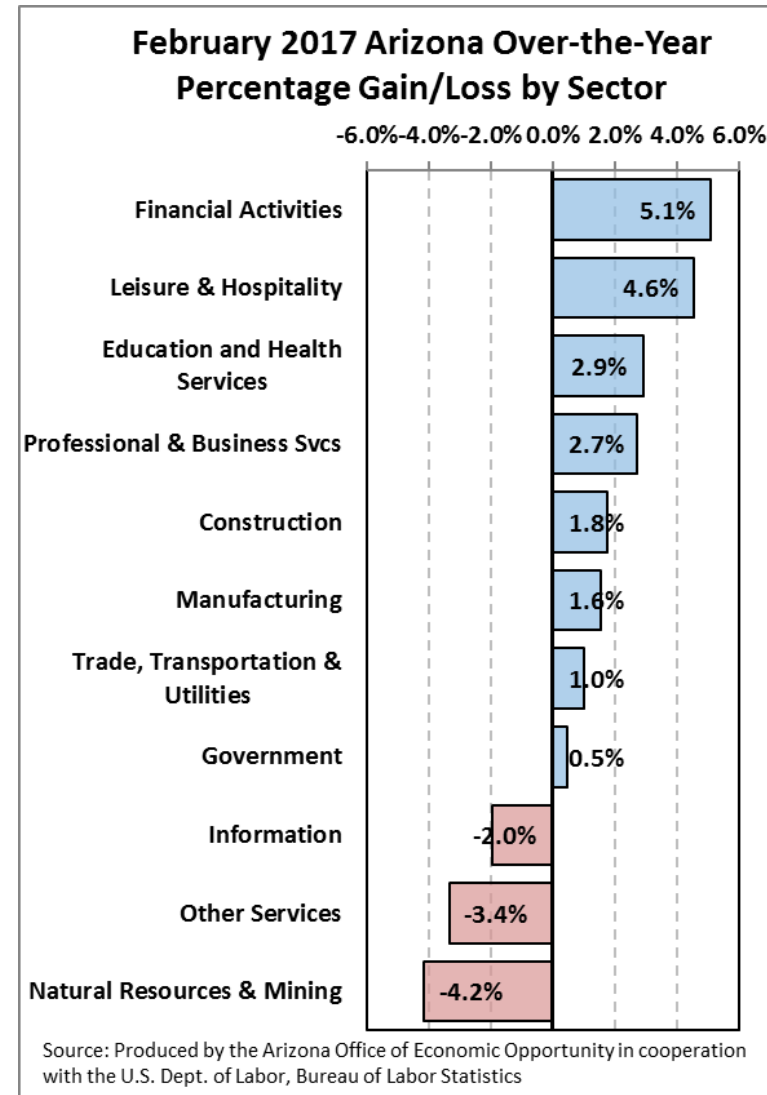
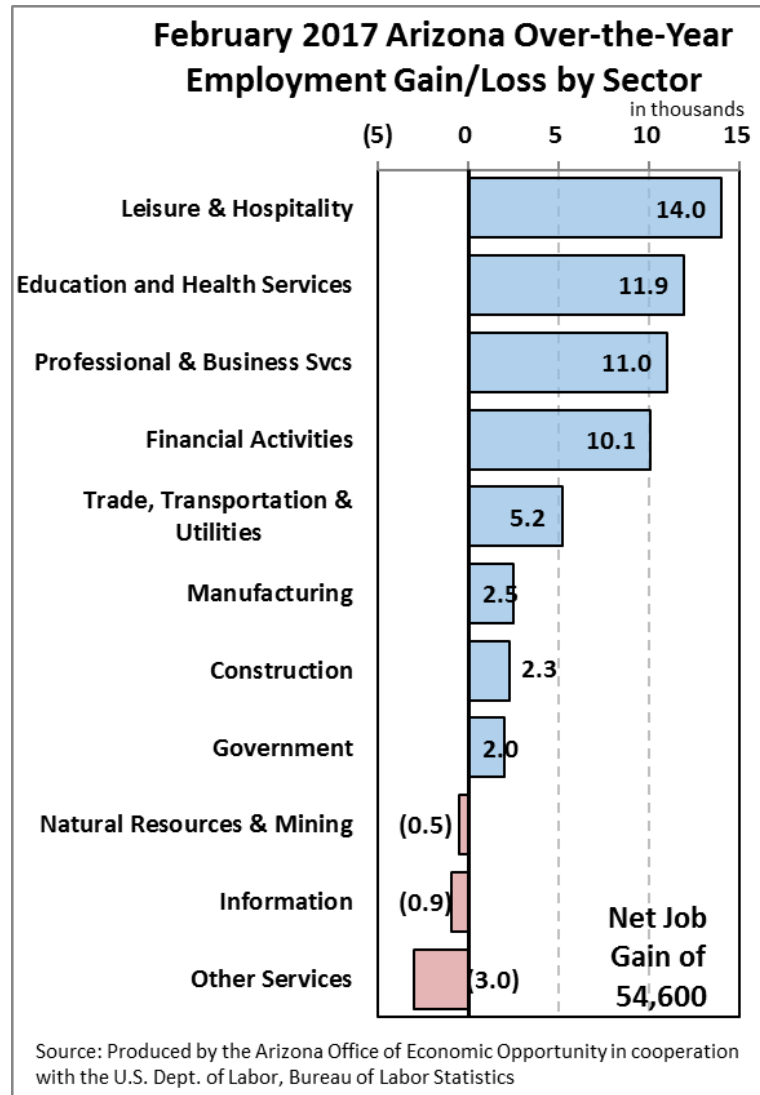


2016 U.S. Annual Average Industry Share





# Employment Growth by Industry Comparison



# Not All Growth is Created Equal

## ▶ Financial Activities

### ▶ Finance and Insurance

- ▶ Monetary authorities - central bank
- ▶ Credit intermediation and related activities
- ▶ Securities, commodity contracts, investments
- ▶ Insurance carriers and related activities
- ▶ Funds, trusts, and other financial vehicles

### ▶ Real Estate Rental and Leasing

- ▶ Real estate
- ▶ Rental and leasing services
- ▶ Lessors of nonfinancial intangible assets

# Not All Growth is Created Equal

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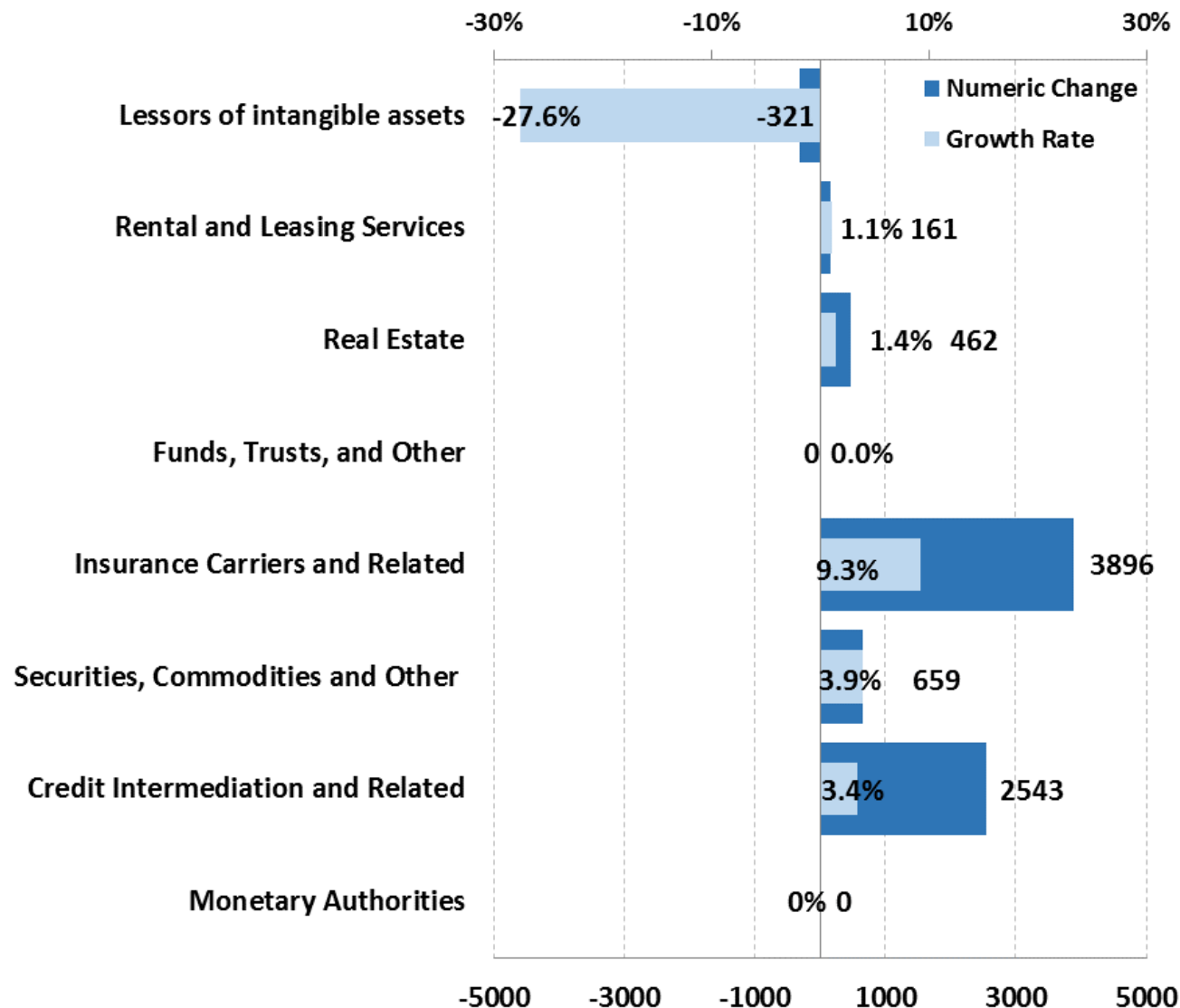
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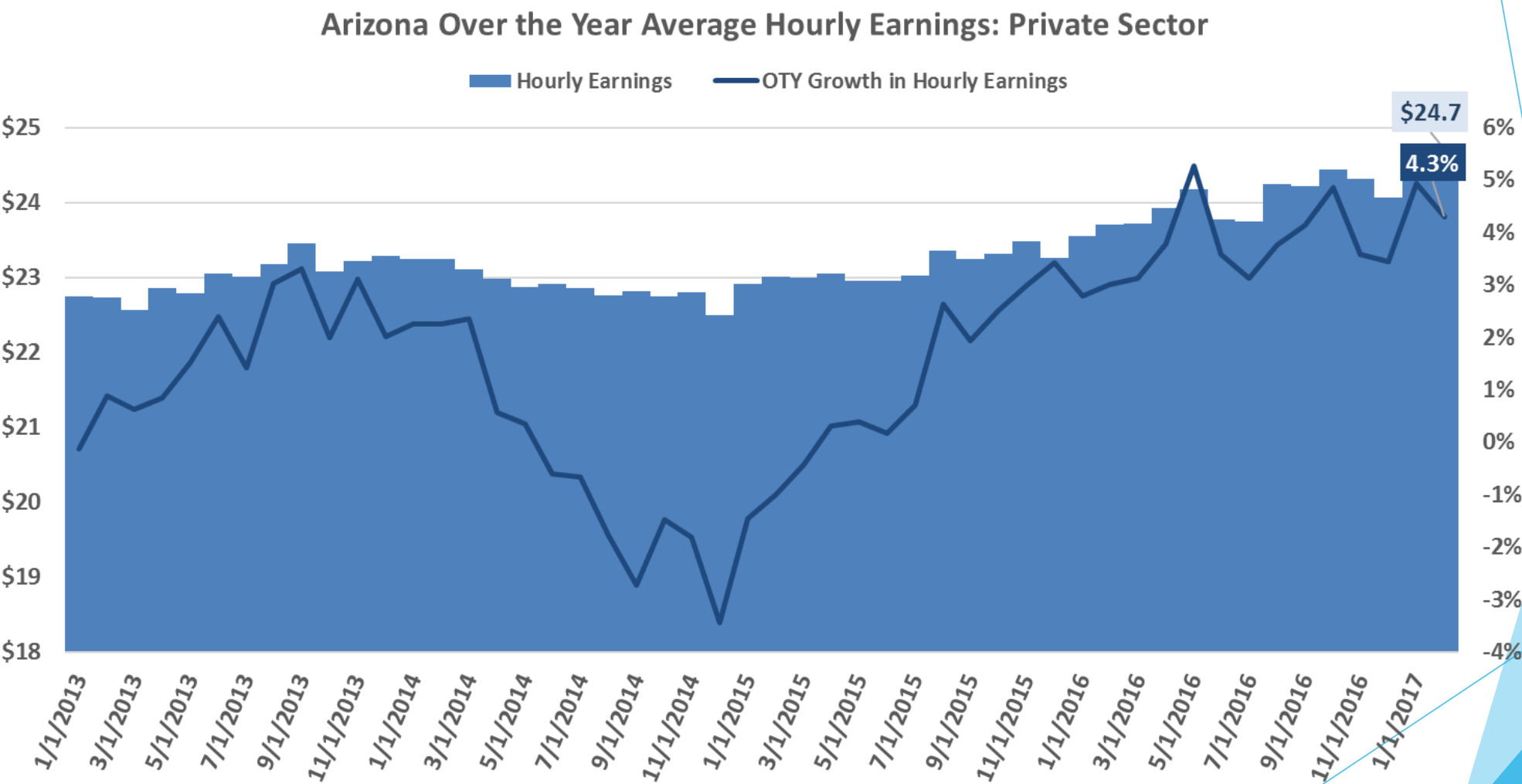
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## Arizona's Over the Year Financial Activities Growth Rate

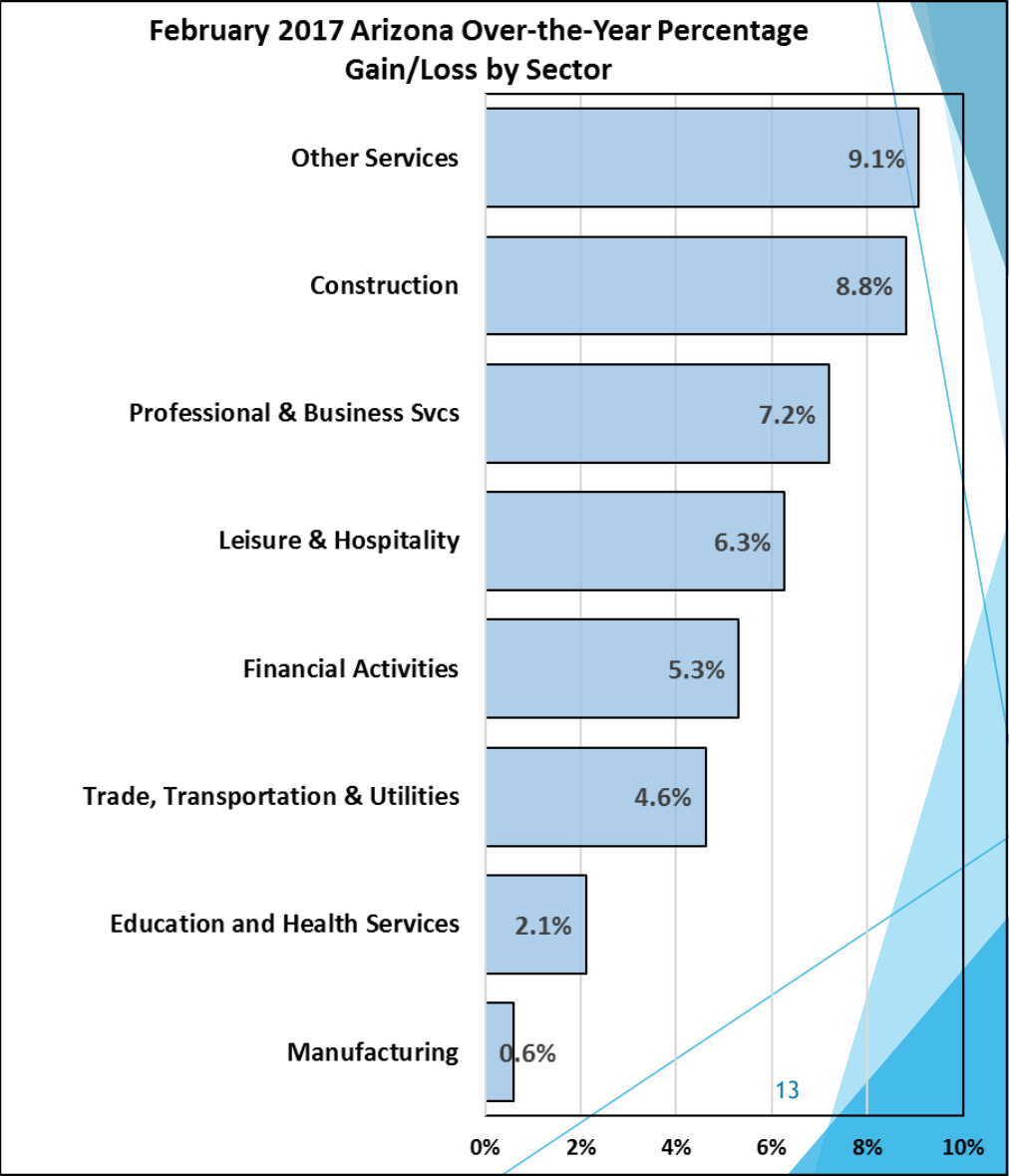
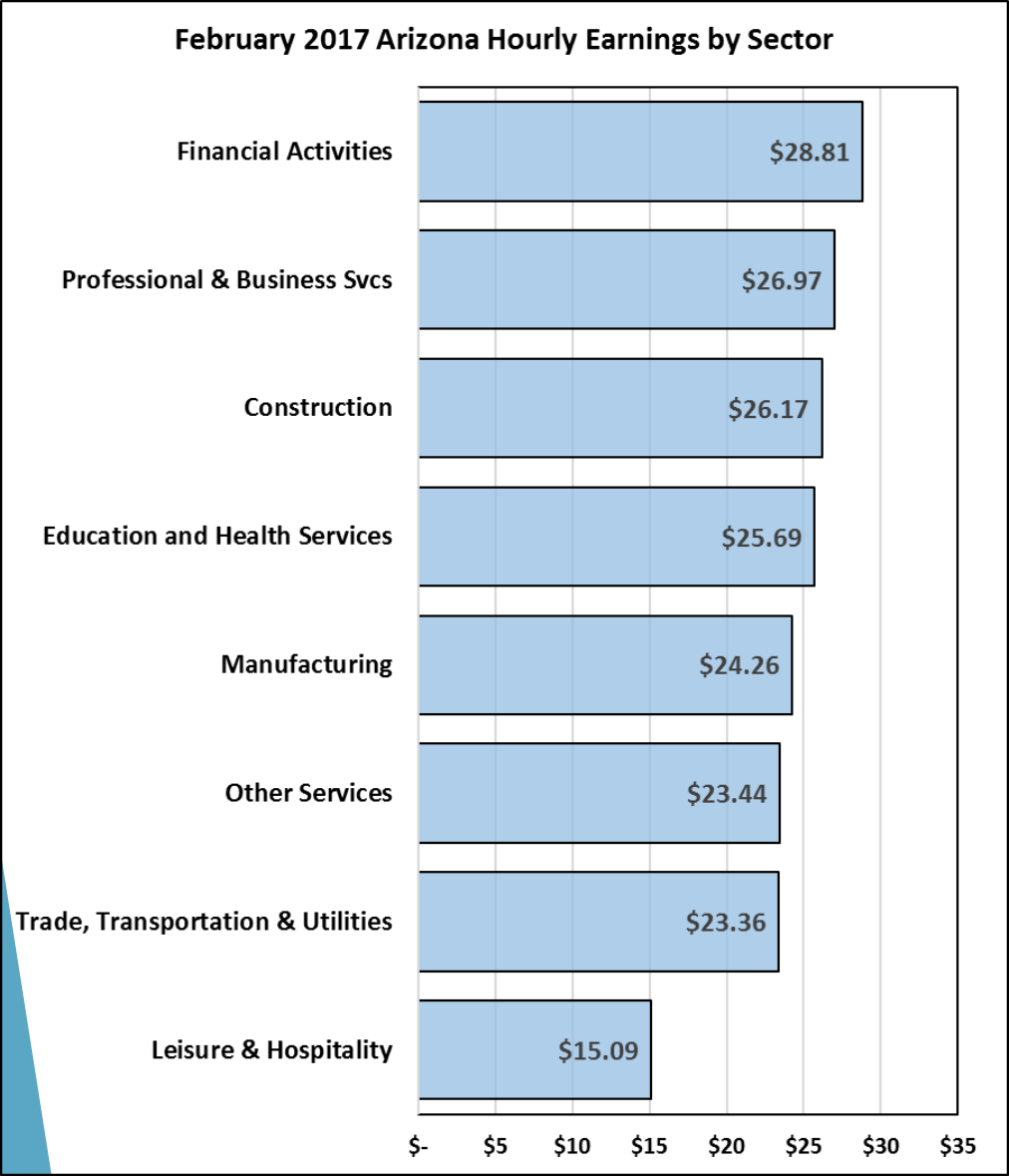


# Total Private Wage Growth

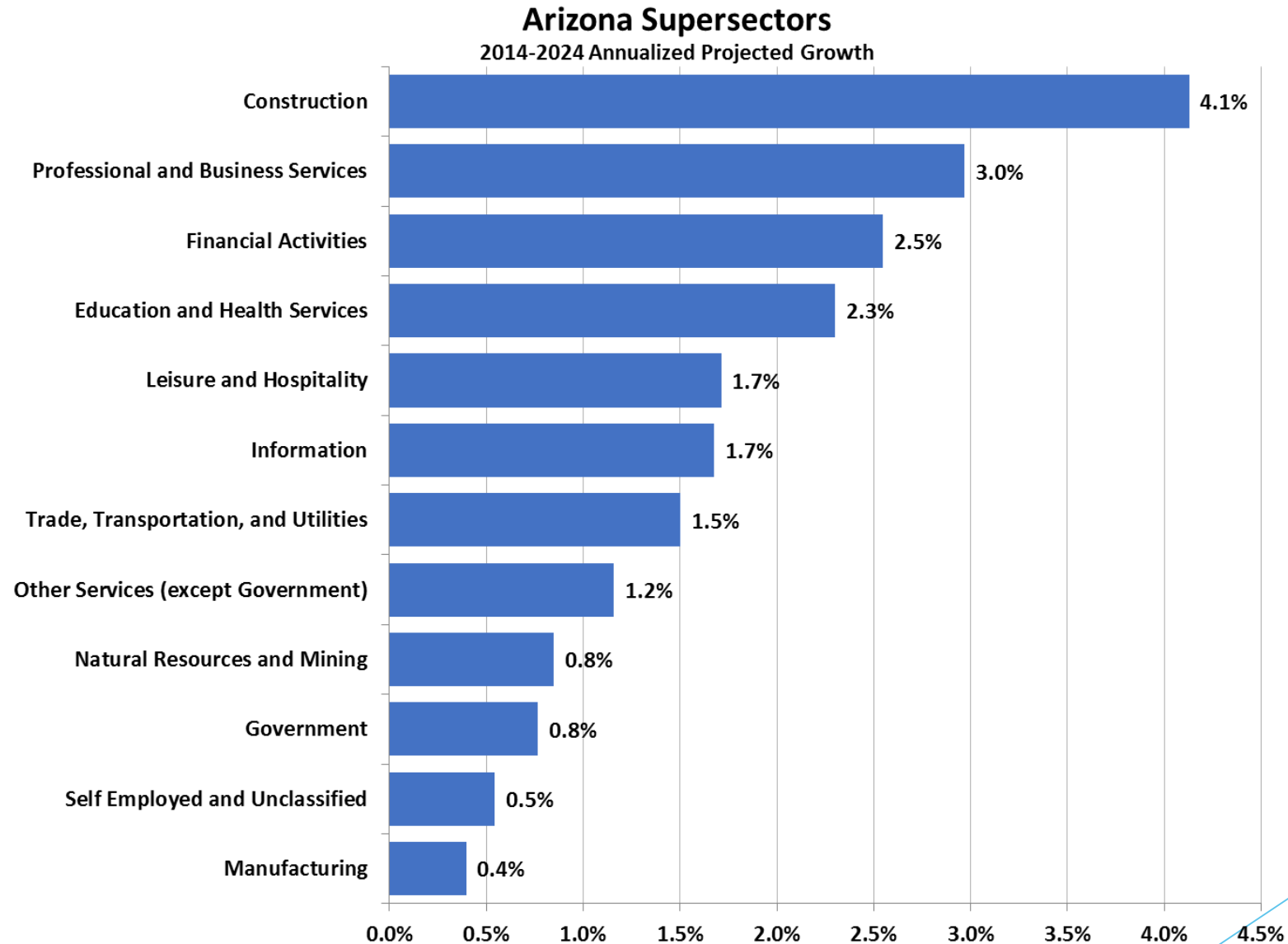


Source: Arizona Office of Economic Opportunity in collaboration with the US Dept. of Labor's Bureau of Labor Statistics

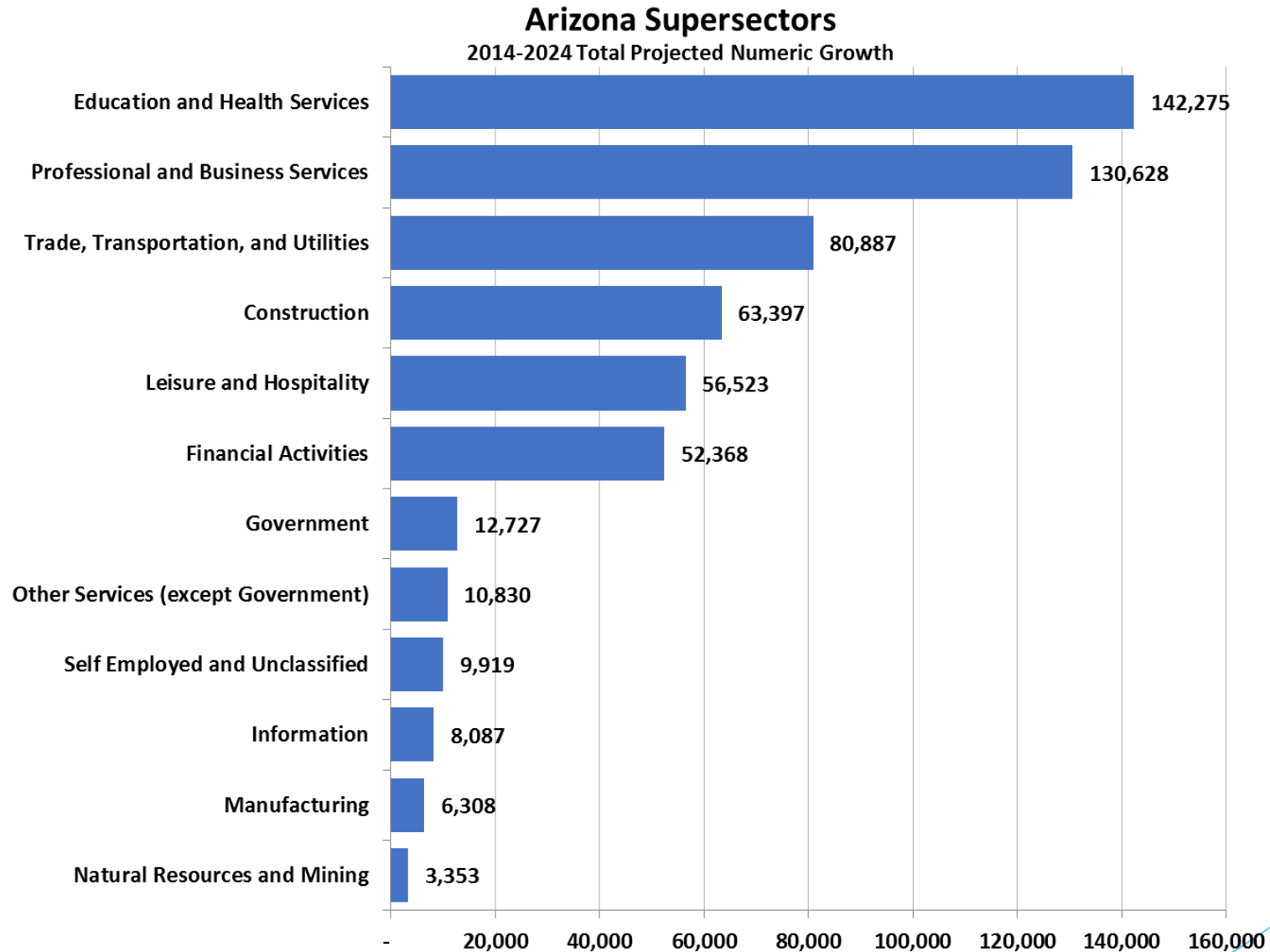
# Hourly Earnings Level and Growth



# Long-Term Industry Employment Projections



# Long-Term Industry Employment Projections



# Good News: OEO does the Heavy Lifting for You

## Existing and Emerging Industries Reports

Compares detailed industry categories across important economic variables such as:

- ▶ Employment Levels
- ▶ Historic Employment Growth
- ▶ Average Weekly Wage Levels
- ▶ Historic Wage Growth
- ▶ Employment Density
- ▶ Projected Employment Growth



# LaborStats.Az.Gov

## Office of Economic Opportunity

Arizona Labor Statistics

[Home](#) [DATA BY TOPIC](#) [DATA BY BLS PROGRAM](#) [DATA BY REGION](#) **[RESEARCH & ANALYSIS](#)** [TOOLS & RESOURCES](#)

### Special Reports

#### GROWING & DECLINING INDUSTRIES

*Updated on Jul-29, 2016*

The Growing and Declining Industries report contains data for Arizona statewide and by county. The report is based on the most available QCEW data and is not a forecast. See the notes page of the report for details on the methodology.

EMPLOYMENT REPORTS

PROJECTIONS REPORTS

SPECIAL REPORTS

PRESENTATIONS

#### RESEARCH & ANALYSIS

[Employment Reports](#)

[Projections Reports](#)

[Special Reports](#)


#### EXISTING AND EMERGING INDUSTRIES

*Updated on Mar-13, 2017*

##### Existing and Emerging Industries:

 [Apache County](#)

 [Cochise County](#)

 [Coconino County](#)

 [Gila County](#)

 [Graham County](#)

# Existing Industries Snapshot

Rank	Industry Title	Employment Level	Average Employment Growth	Annual Average Weekly Wages	Annual Average Weekly Wage Growth	Employment Density	Projected Employment Growth Rate
1	Administrative and support services	232,180	3.6%	\$ 696	3.4%	1.5	3.8%
2	Ambulatory health care services	150,076	2.8%	\$ 1,170	2.5%	1.2	2.9%
3	Food services and drinking places	218,977	3.3%	\$ 345	3.2%	1.0	2.1%
4	Professional and technical services	138,139	2.9%	\$ 1,453	1.3%	0.8	3.1%
5	Social assistance	52,787	7.0%	\$ 453	0.9%	0.8	3.1%
6	Motor vehicle and parts dealers	43,386	3.4%	\$ 955	3.2%	1.2	2.1%
7	Specialty trade contractors	91,075	3.4%	\$ 895	3.4%	1.1	5.1%
8	Credit intermediation and related activities	82,085	0.2%	\$ 1,338	4.7%	1.7	3.2%
9	Insurance carriers and related activities	45,935	1.9%	\$ 1,287	3.1%	1.1	2.7%
10	Hospitals	90,333	0.8%	\$ 1,165	2.5%	1.0	2.8%

# LaborStats.az.gov

## Employment Data:

[laborstats.az.gov/employment](https://laborstats.az.gov/employment)

## Unemployment Data:

[laborstats.az.gov/unemployment](https://laborstats.az.gov/unemployment)

## Wage & Income Data:

[laborstats.az.gov/wages-income](https://laborstats.az.gov/wages-income)

## Employment Projections Data:

[laborstats.az.gov/employment-forecasts](https://laborstats.az.gov/employment-forecasts)

## Population Data:

[laborstats.az.gov/population](https://laborstats.az.gov/population)

# Where Have Labor Force Participants Gone?

# Labor Force Concepts

## Labor Force Participation Rate (LFPR):

The labor force as a percentage of civilian noninstitutional population (CNIP)

$$LFPR = \frac{Employed + Unemployed}{CNIP}$$

LFPR affected by changes to the numerator and denominator:

Employed	➡	Unemployed	⬆	and CNIP	➡	: LFPR	⬆
Employed	➡	Unemployed	➡	and CNIP	⬇	: LFPR	⬆
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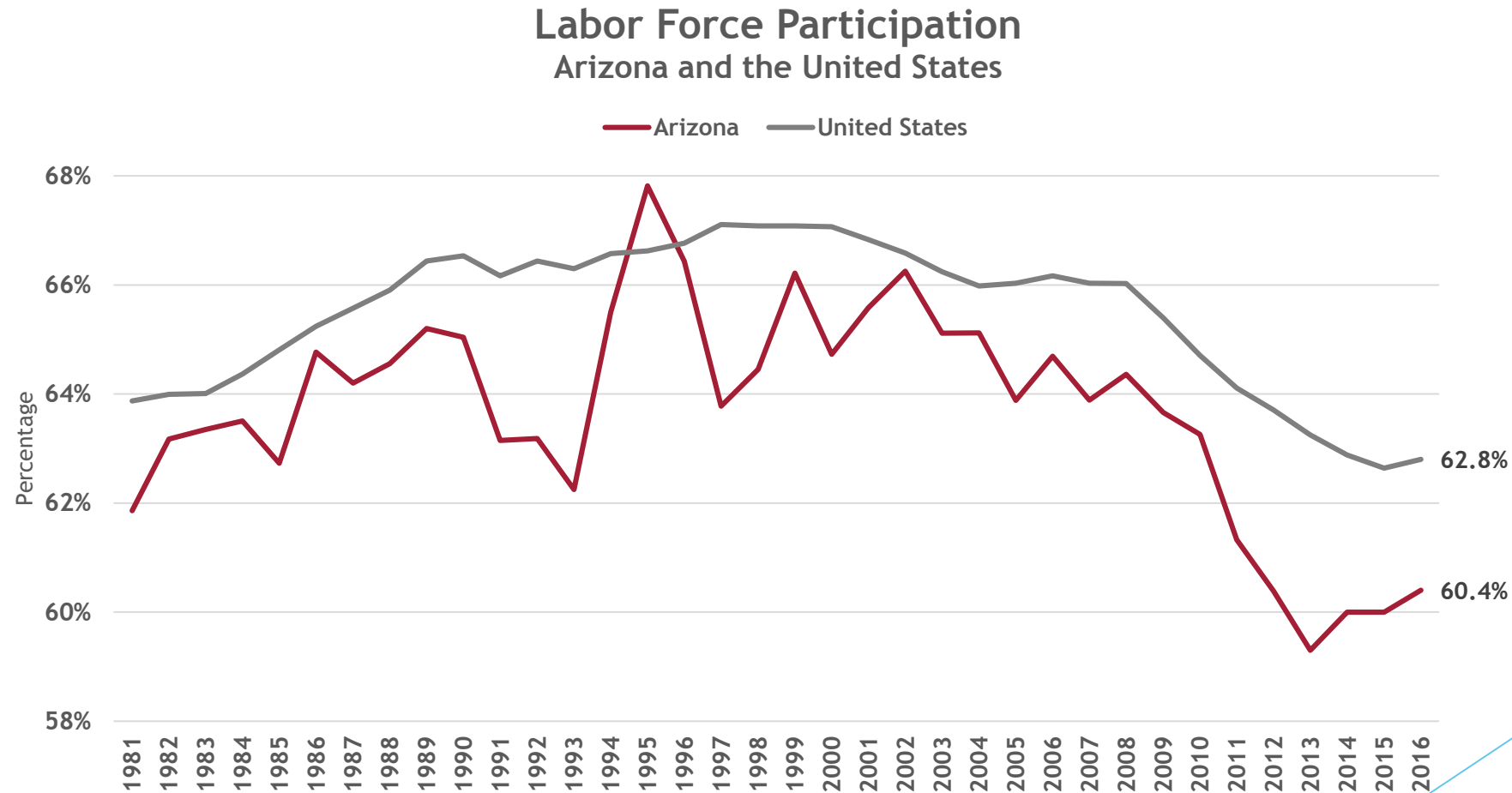
Employed  Unemployed  and CNIP  : LFPR 

Employed  Unemployed  and CNIP  : LFPR 

22 **Ideal Change**

## Two Distinct Trends Occurring:

- 1) Arizona's current LFPR is lower than it has been historically
- 2) Arizona's LFPR has historically been below that of the United States



Source: U.S. Dept. of Labor Bureau of Labor Statistics: GPS Data and CPS Data

# Top 9 and Bottom 10 States Ranked by 2016 Annual Average Labor Force Participation Rates

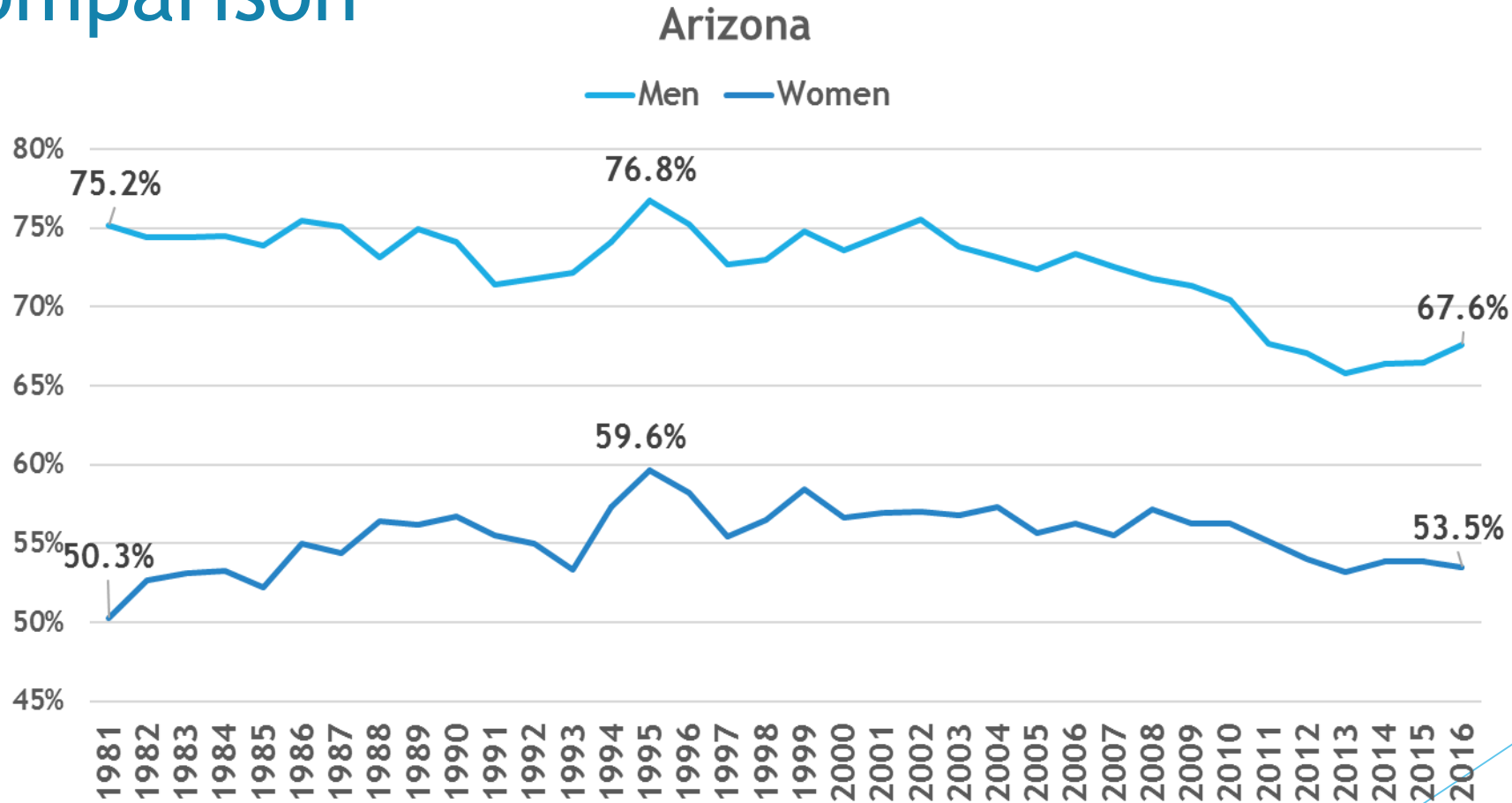
(Numbers in Thousands)

Rank	State	Labor Force Participation Rate	Civilian Non-Institutional Population	Unemployment Rate
1	North Dakota	71.9%	596	3.3%
2	District of Columbia	70.1%	564	6.1%
3	Iowa	69.9%	2,452	3.9%
4	Nebraska	69.5%	1,458	3.4%
5	Minnesota	69.1%	4,320	3.9%
6	New Hampshire	68.9%	1,090	2.8%
6	South Dakota	68.9%	656	2.8%
8	Utah	68.8%	2,194	3.6%
9	Wisconsin	68.4%	4,575	4.1%
41	Arizona	60.4%	5,361	5.2%
42	Tennessee	60.3%	5,221	4.7%
43	South Carolina	59.7%	3,880	4.9%
44	Louisiana	59.3%	3,597	6.2%
45	Florida	58.7%	16,624	4.9%
46	Arkansas	58.4%	2,316	3.9%
48	New Mexico	57.9%	1,611	6.8%
49	Alabama	56.8%	3,824	6.0%
50	Mississippi	56.0%	2,290	5.7%
51	West Virginia	53.2%	1,481	6.1%

- The total spectrum for Labor Force Participation Rates is from 53.2% to 71.9%
- Arizona is ranked 41<sup>st</sup> (Tied with New York) with a Labor Force Participation Rate of 60.4%



# Labor Force Participation Gender Comparison



Source: US Bureau of Labor Statistics' Geographic Profile Survey Dataset

# Labor Force Participation Matters

- ▶ A large body of evidence has linked joblessness to:
  - ▶ Worse economic prospects in the future
  - ▶ Lower overall well-being and happiness
  - ▶ Higher mortality,
  - ▶ Negative consequences for families and communities.

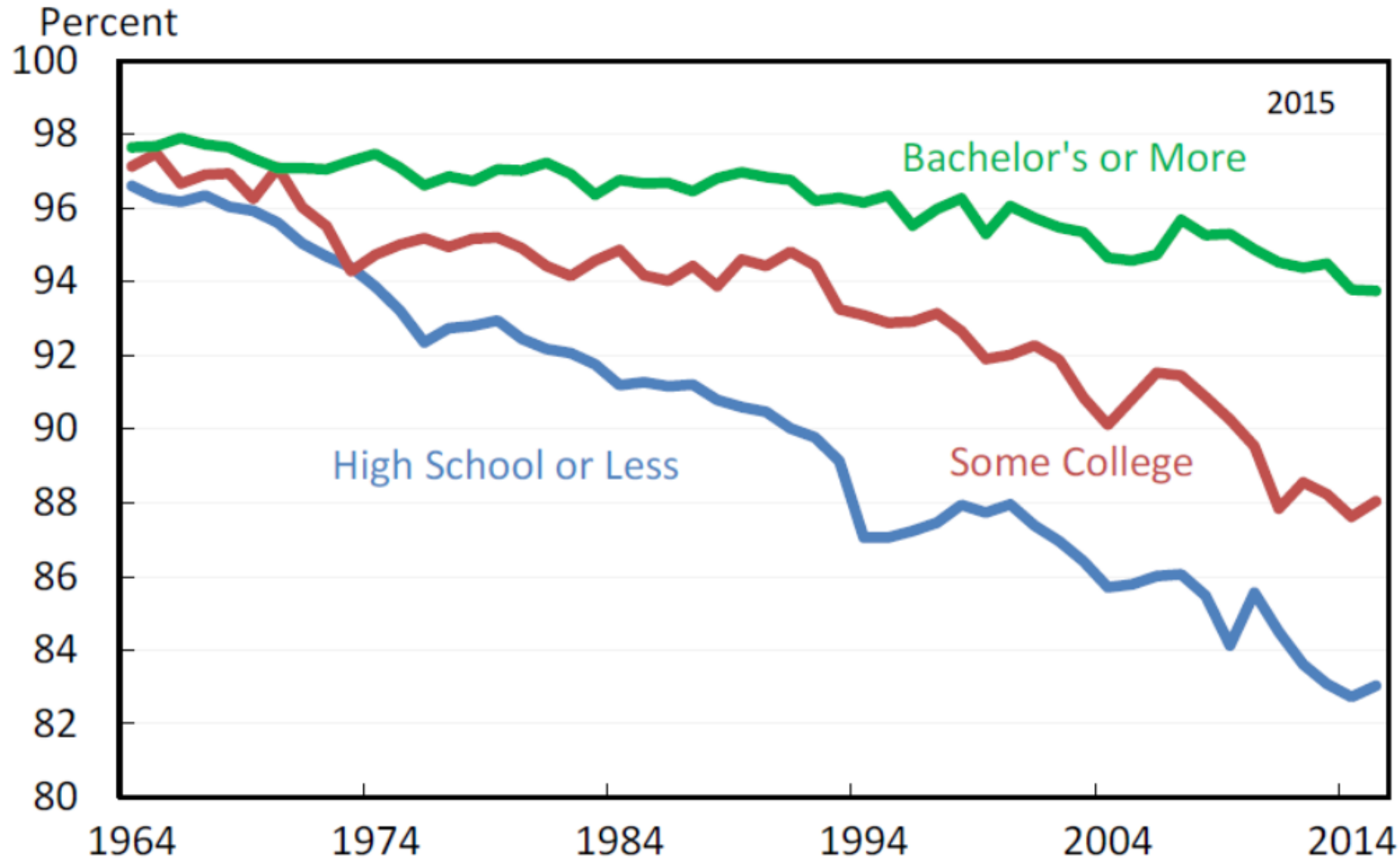
# Educational Considerations

In Arizona, individuals with only a high school diploma or less have the highest level and rate of unemployment and lowest rate of labor force participation

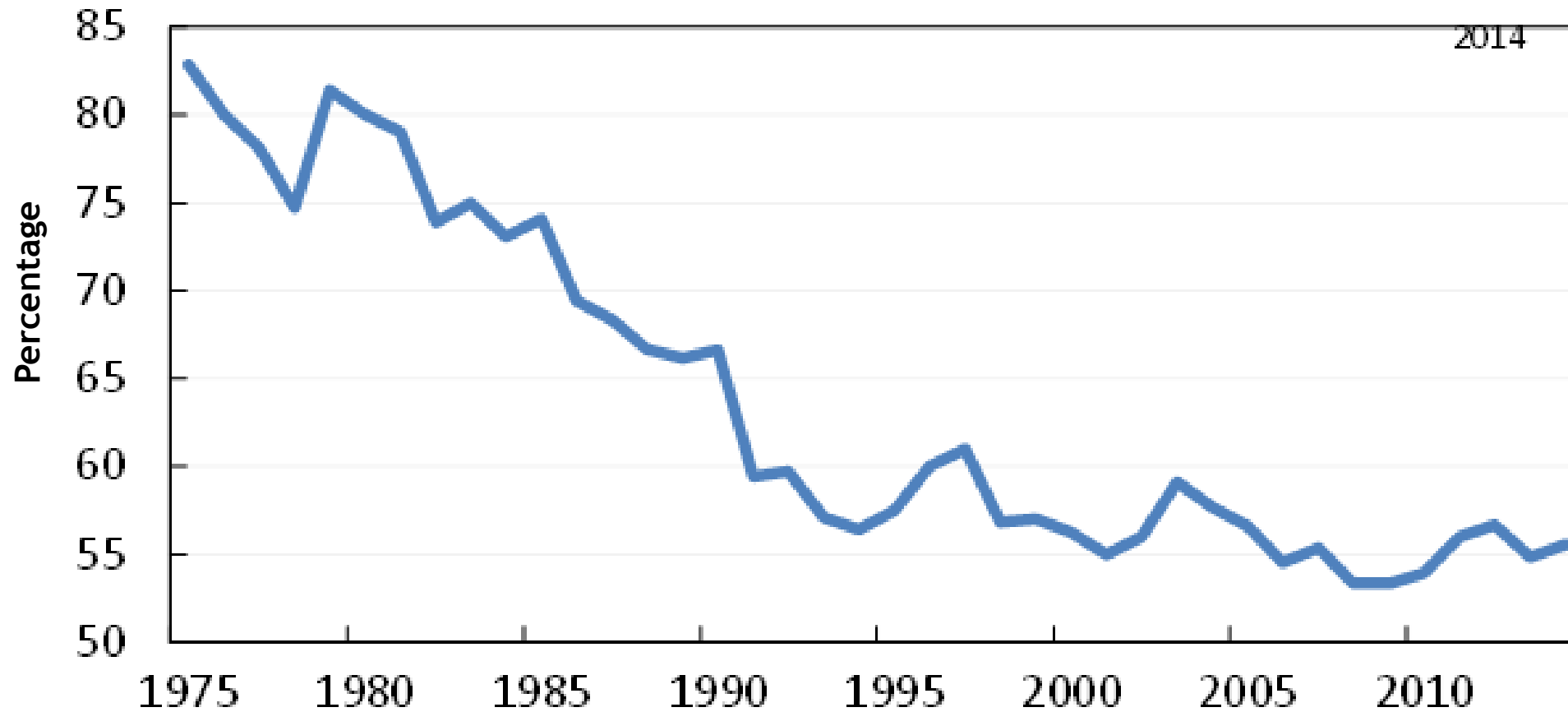
## Arizona Working-Age Population (25-64) by Educational Attainment; 2014

Education Level	Unemployed %	Not In the Labor Force #	In the Labor Force %
Less than high school	14.9%	183,635	59.6%
HS diploma or equivalent	11.0%	234,206	69.8%
Some college	8.1%	277,969	76.2%
Bachelor's degree+	4.2%	153,493	83.0%

# U.S. Labor Force Participation Rate by Educational Attainment Prime-Age Male

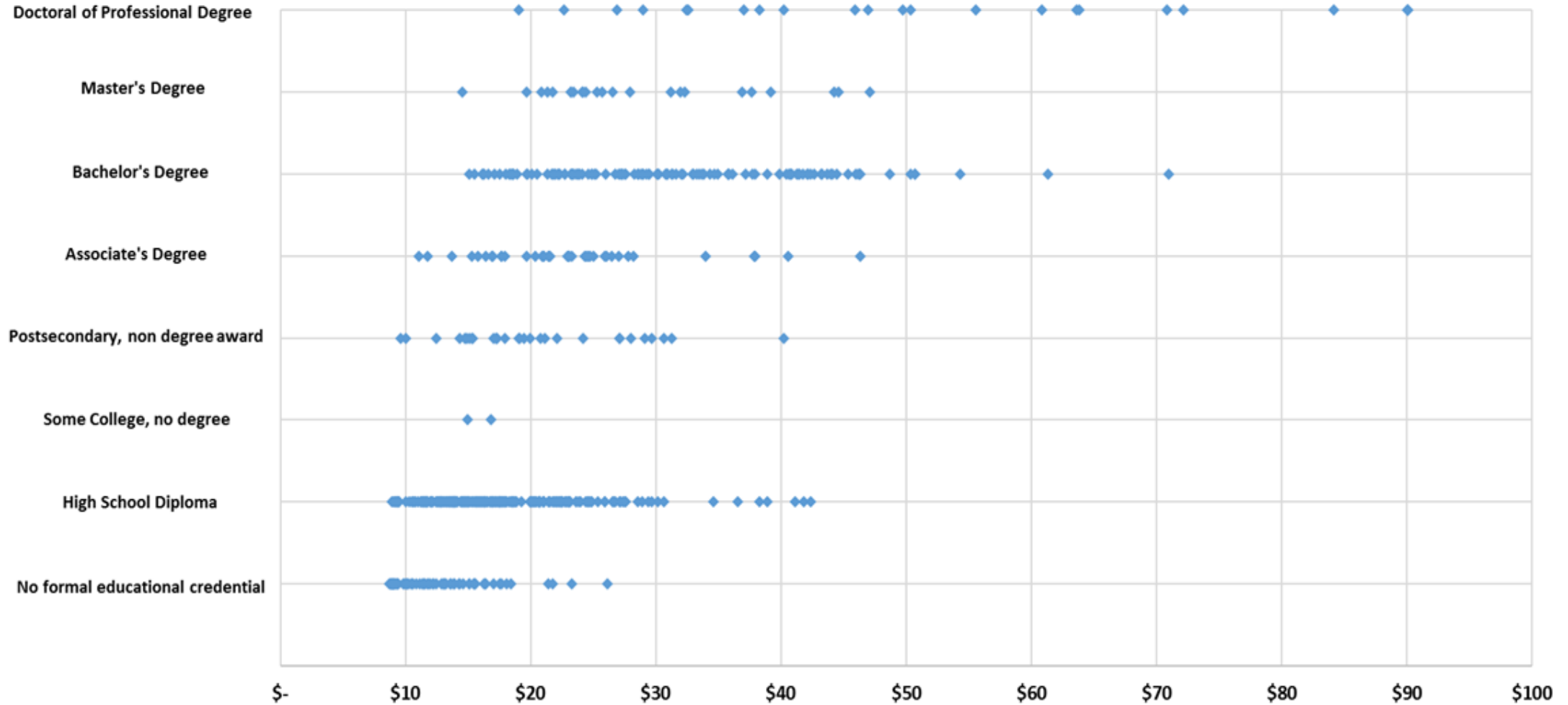


## U.S. Ratio of High School Graduate Wages to College Graduate Wages



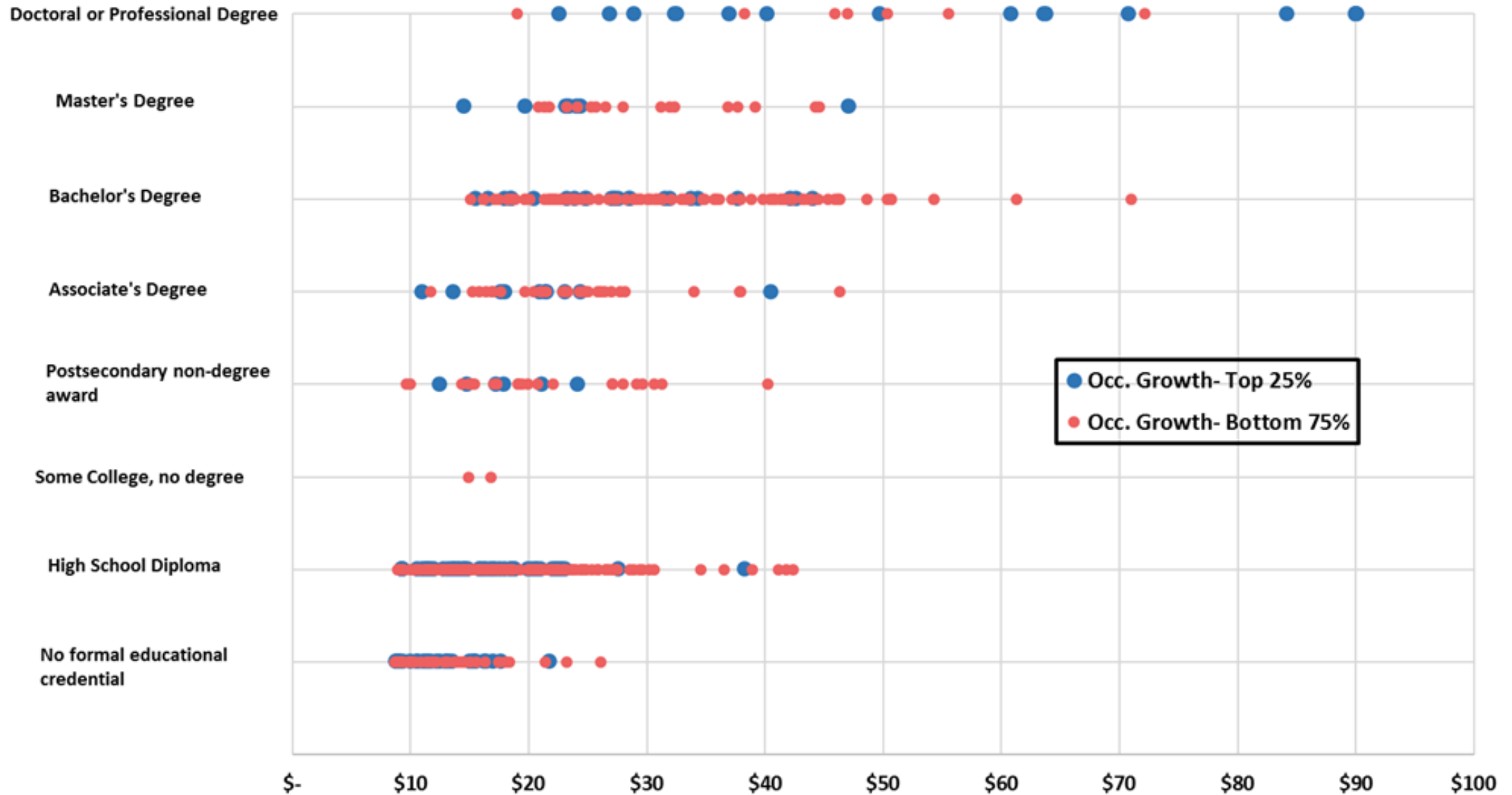
# Median Hourly Wage by Education Requirement

Arizona



# Median Hourly Wage by Education Requirement

Arizona



# QUESTIONS?

**Contact:**

Arizona Office of Economic Opportunity

[Laborstats.AZ.gov](http://Laborstats.AZ.gov)

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